

SELECT BOARD MEETING MINUTES

November 17, 2014

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Board members present: Chairman Cedarholm, Selectwoman Dennis and Selectman Bugbee

Others present: Bill Humm, Anne Tappan, Barbara Nadori, Paul and Annie Gasowski, Carla Wilson, Tom and Peg Dolan, Barbara McNamee, Katrina Pellecchia, Erick Sawtelle, Town Secretary Denise Duval and Town Administrator Julie Glover.

1. Chairman Cedarholm calls the meeting to order at 6:02 pm.
Chairman Cedarholm asks the public to please make their comments during the public comment session or if it is imperative please raise your hand and if the Board deems it important it will allow the comment or question during the meeting.
2. Chairman Cedarholm opens the meeting up to public comment.
Peg Dolan asks the Board to please speak up because there are times when she cannot hear. Chairman Cedarholm acknowledges and suggests sitting closer to the front instead of in the way back row.
3. TA Glover opens the meeting with the tax rate setting discussion. The unassigned fund balance that the DRA will be using is \$2,975,379.00. The Town used \$282,000 from the unassigned fund balance towards trust funds for FY15 and assigned \$34,292 to a contingency account which is available through the end of June 2015. This would leave the true unassigned fund balance as \$2,659,087. If the Town were to keep the town rate the same which is \$5.53 then the tax rate would go up \$1.29 due to increases in the local school rate and state tax rate. If we were to utilize \$255,000 from the unassigned fund balance we could maintain the town tax rate at \$5.53. If we do nothing the Town tax rate would be \$6.15 which would bring the total 2014 tax rate to \$30.66. The TA would recommend leaving the Overlay at \$20,000. The DRA's recommended retention rate for the unassigned fund balance is 8% - 17% which would be \$1,160,000 - \$2,465,204. If the Board did nothing with the unassigned fund balance and left the tax rate the way it is, the unassigned fund balance becomes \$2,659,000. If the \$255,000 were applied then the unassigned fund balance would become \$2,404,087. The Town would have to assign \$800,000 to make up all the difference in the tax rate increase which the TA would not recommend and neither would Chairman Cedarholm. Selectwoman Dennis asks what we would need to use to be at about 12%. It would be about \$390,000. TA Glover points out that the uncollected tax revenues currently stand at \$413,957.00. The auditors recognize this as part of the unassigned fund balance when in fact we do not have this money. Selectman Bugbee distributes his own handouts. The first handout gives the history of the unassigned fund balance. He proposes using \$400,000 of the unassigned fund balance which would drop the fund balance to \$2,259,000. The second handout shows different methods to determine what the fund balance should be. He reviews the form with the Board. Selectwoman Dennis does the math and believes that after the deductions the fund balance is \$1,845,130. Selectwoman Dennis would recommend \$300,000 instead of \$400,000 because \$1.8 mil is too low for her comfort level. She would hate to see the Town have to go out for a loan later. Selectman Bugbee thinks that the Town will be able to collect 90% of the uncollected tax revenue. TA Glover points out that at the Deliberative Session anyone can stand up and vote to take a million dollars to put towards the budget.

Treasurer Ben Genes reminds the Board that an auditor saying we have a \$2.9 million fund balance is not saying we have \$2.9 million in the bank. The Town is in very sound financial

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footing and is very conservative in what it does. Mr. Genes does not include the uncollected revenues in his analysis. He is closer to where Selectwoman Dennis is because as we reduce the tax rate we're reducing the revenue that comes in. So as we incrementally work towards a reasonable fund balance and reasonable tax rate, school district aside, he has to be careful and is under obligation to maintain \$1 million of free cash in the account at all times. The Town gets pretty close and goes below at this time of year. The County bill must be paid on time. There is flexibility with the School bill. Mr. Genes had in mind \$500,000; \$300,000 to the tax rate and \$200,000 for the Deliberative Session.

Selectman Bugbee wants the Treasurer to move the \$295,000 from the PDIP to the CD. The Treasurer indicates that they are working on this. The TA adds that the Statute states that the decision rests with the Treasurer.

Selectwoman Dennis asks if the Board would entertain \$350,000. Chairman Cedarholm indicates that he would entertain \$350,000. Selectman Bugbee states that he wants \$400,000. Selectwoman Dennis is concerned that the public might not realize later that there are uncollected debt and liabilities that will affect the balance. Selectman Bugbee points out that the Town has survived on lesser balances in the past so it should be fine. Selectwoman Dennis does not want to ever have to tell the public that the Town is in trouble down the line.

Treasurer Genes adds that the Town's expenses have increased immensely throughout the years. The number one priority for the Treasurer is for the Town's financial position to be liquid. He and the Finance Officer protect the Town's money as much as possible. They pay the Trust funds up front and then get paid back at the end of the year. The Town is secure financially and has a letter of credit from Bank Boston.

Selectman Bugbee asks the TA Glover to review the information that she received from the school. She reads the email she received from Susan Caswell, the Business Administrator from the ORCSD: "The increase is mainly due to a loss in Adequacy aid. Lee lost a total of \$179,103 from last year. I did not have a chance to look at what caused this, but I believe it is due to an increase in enrollment and property values, both of these will also change the apportionment which is now 31.8286% up from 31.3952%. The loss in revenue accounted for .43 of the increase and the percentage increase .38 of the increase." In the report that the school put out in February, it looks as if the budget went up over a million dollars from FY13 to FY14. The budget year that is being used to establish the tax rate for tonight is FY14.

Erick Sawtelle asks if the Treasurer can predict a breakeven point when the fund balance is more in line with what everyone is comfortable with.

Chairman Cedarholm moves to authorize the Town Administrator to forward to the Department of Revenue the "Template to Approximate Tax Rate 2014" reflecting an Overlay of \$20,000 and applying \$400,000 from the Unassigned Fund Balance in order to reduce the Overall Tax Rate to approximately \$29.70/thousand and a town tax rate of \$5.19. Selectman Bugbee, seconds. Chairman Cedarholm and Selectman Bugbee yay. Selectwoman Dennis nay. Motion approved. The TA will forward this information to the DRA, they will finalize the rate and the assessor produces the Tax Warrant for the Board to sign, hopefully this week. The Tax

Collector needs 3 days to process the bills. By Statute there needs to be 30 days between the date that the bills are mailed and the date that they are due.

4. Bill Humm, Conservation Commission Chair, is present to discuss Warrant Article #7 that was voted on in March 2014. Mr. Humm reads the proposed deed restrictions: "1. Prohibition of subdivision of the property (as per Warrant Article #7). 2. Prohibition on the use of the property for activities other than agriculture, forestry, or other activities which maintain the property as open space (Warrant Article 7). 3. Conduct of agricultural activities and forest management activities subject to a management plan acceptable to Mr. Kennard and the Town during his lifetime." Mr. Humm points out that a management plan would not be unusual since the Conservation Commission routinely has management plans prepared for land that the Town owns. They enact stewardship over time consistent with those management plans. In giving Mr. Kennard some say over the acceptability of the management plan that is unusual for a seller to retain some kind of right to influence the use of the property in the future, but is it unreasonable. The Commission would argue it is not for the following reasons: 1. The Board was fully aware of Mr. Kennard's reluctance to have logging or clearing on his property during his lifetime. (See Minutes 11/12/13) Also in the Minutes of 11/25/13, no clearing or forestry on the property while he is alive. 2. Mr. Kennard will be living out the remainder of his life in a two acre parcel surrounded on three sides by land that he loves and the land that his father loves. Mr. Kennard is ok with the former agricultural fields cleared and used for hay, corn or beans. He is worried about something nightmarish. 3. Mr. Kennard is selling this property to the Town of Lee which is valued at \$319,000 for \$172,000. The Town is paying 54% of the market value of this property and getting fine agricultural land, nice forest land and frontage on the Oyster River on both sides. It is a wonderful opportunity. Mr. Humm thinks that Mr. Kennard deserves a seat at the table to talk about whether a particular management activity is something he can live with.

Chairman Cedarholm states that he had the opportunity to meet with Mr. Kennard and Bill a couple of weeks ago and he found Mr. Kennard to be quite amenable to various types of forestry management and agriculture particularly in the areas that were previously farmed. Chairman Cedarholm points out this one line in the Warrant Article (#7) which states that "this conveyance to be made under such terms and conditions as the Selectmen determine to be in the best interest of the Town" and believe that it is inherent in this language that any piece of property in which the Town would consider farming or some level of forestry management better have a management plan or detailed agreement. He feels awkward about developing a management plan that is acceptable to Mr. Kennard and the Town during his lifetime and would rather have the Town put forth a plan that is as specific as possible. Chairman Cedarholm has spoken to Erick Sawtelle regarding this issue and turns the discussion over to him. Mr. Sawtelle is speaking as an individual and not on behalf of the Ag Commission. Mr. Sawtelle questions whether it is in the best interest of the Town to own this particular piece of property. He asks why the Town wouldn't just buy the easement/development rights to this property. He does not believe the Town is in the position where they should be managing farm land because it is such a minute to minute job. The plan needs to have best management practices by the Dept. of Agriculture, Markets and Food, USDA, Natural Resource Conservation Service and EPA coverage. The management plan should be written first. How does Mr. Kennard feel about just selling the easement and retaining ownership? Mr. Humm states that he was willing to sell the Town an easement or sell it outright at the same price. The Conservation Commission looked at this and decided that owning was the best option. The

property has prime agriculture soils on 15-20 acres of the property. An easement would not prevent the sale of the property to someone else who could choose to not use the property to its full potential. Mr. Kennard planned on carving out a two acre parcel for his house. Mr. Sawtelle states that his interpretation was that Mr. Kennard offered the property to the Town and the Town would decide what to do with it later, but to try to farm land you would need a long term commitment due to constant changes. Mr. Humm would argue that a management plan is something that is modifiable. Selectwoman Dennis points out that you can only modify the management plan if Mr. Kennard is amenable to that along with the Board at the time. There would be no guarantees four years from now that Mr. Kennard would agree to a change in the plan. This Town does not have the resources of people to manage these types of plans. Even community gardens need someone to manage it. Mr. Sawtelle thinks that everyone needs to be on the same page before a decision is made. If time is not of the essence then take the time to be thorough. Chairman Cedarholm states that if the Select Board and the Agricultural Commission were to work with the Conservation Commission to come up with a framework for a management plan which may not include all the language needed then from there they can take the time to develop the management plan. Mr. Sawtelle asks Mr. Humm if there are other types of restrictions Mr. Kennard might want, such as would he have a problem with animals being raised on the property and what would happen if the way in which they were raised changed after a year. There are many factors to consider. Mr. Humm's feeling is the contrary. He thinks there should be process, agreement on the process, acquire the property then begin developing the management plan. Mr. Kennard has indicated a willingness to tolerate a wide range of things including livestock on the land. Spelling this out in detail before there is anyone even interested in farming it is putting the cart way before the horse according to Mr. Humm. Mr. Sawtelle believes that this information may in fact determine whether or not someone is interested in farming it. If there are too many restrictions then they may not want to get involved. Mr. Humm thinks that restrictions get set up as one develops a management plan in response to what a farmer interested in the property would like to do.

Ann Tappan is a land owner and lives up the road from Mr. Kennard. She thinks that an important piece of this is the acquisition of the property by the Town. The deal being offered is a good deal. Once the land is owned by the Town it's there and features of that land; the frontage on the Oyster River, the forest, the wildlife habitat, the farming is there. She does not think that there is a need to make a quick decision on how to manage it. A management plan is advisable for this piece of property. There are management plans on other pieces of land in Town and they are forest based. Ms. Tappan thinks that one should take their time with developing a management plan. There needs to be a natural resources assessment and recommendation for forestry, agriculture and recreation based on that assessment and then implementation. This would be best accomplished with an advisory committee who would make recommendations to the Board of Selectman. As it says in the Warrant Article, the Selectmen determine if it is in the best interest of the Town to proceed. Nowhere in there does it say that we must start doing agriculture or forestry as soon as this property is acquired. It says that this property is valuable to the Town because of these particular features. The acquisition can be continued and be completed in the time frame that it needs to be done in because of the Warrant Article that was passed and then at the same time the Conservation and Ag Commission and Historical (sic) Commission due to the cultural features on the property.

Selectman Bugbee states that he is still at the same place he was before when this was discussed which is that the Warrant Article is what was presented to the voters and we need to uphold this Warrant Article. If there is a restriction in terms of Agriculture and Forestry he is not in favor of it. Mr. Sawtelle's comments opened his eyes to the things that could happen if a management program were to take place afterwards.

Selectwoman Dennis is also still at the same place, but maybe for a little different reason. The Warrant Article put before the voters did not say anything about the activities being subject to the management plan acceptable to Mr. Kennard. She is not opposed to the property; however, what is in front of her today is not what was put before the voters.

Chairman Cedarholm asks how the Board would feel if they were to put a management plan together that was acceptable to Mr. Kennard so that one of the conditions of the deed actually didn't include Mr. Kennard's name. Selectman Bugbee states that any restrictions limit what the voters thought they were voting on. Selectman Bugbee asks the TA if the Town has until June 30, 2015 to decide if they want to do this. She will check on this. Chairman Cedarholm thinks that putting together a management plan would be a good task for the Commissions and Committees to engage in together.

Paul Gasowski states that he was not aware that there were issues with the purchase and sale of the Kennard property. He agrees with the Chair that it would be a good idea to involve the Ag and Historical (sic) Commission. He also agrees with Mr. Humm in that this is a process and it would be harmful to get hung up on this issue at this time. He agrees with Ms. Tappan as to how this can play out over time.

Erick Sawtelle asks if there is a possibility for the Town to just purchase the easement so that the Town stays out of the management part of this whole thing. If the land is going to be owned by the Town then it has to be managed, but if our hands are tied with regards to management then it is a detriment to the Town. This would mean going back to square one. Mr. Sawtelle asks if the Town would be able to sell this property during Mr. Kennard's life time. This answer is not known at this time.

Chairman Cedarholm states that if this cannot be resolved here then it will become a new Warrant Article for the spring. He would rather work through it here and now with a management plan. He would propose including Mr. Kennard in the workshop with the Commissions. There is banter back and forth between Mr. Humm and the audience regarding farming. Selectman Bugbee instructs everyone to direct their comments to the Board and not at each other. Erick Sawtelle believes that this item serves the time spent with everyone sitting down together at the same time to discuss where we are at and what needs to be decided. Chairman Cedarholm suggests adjourning this discussion until the Ag Commission meeting next week. Both Selectman Bugbee and Selectwoman Dennis do not see that need since they have made their decision already. Chairman Cedarholm asks his question one more time. If a management plan was developed that was acceptable to the Board, the Ag Commission, the Historical (sic) Commission that Mr. Kennard weighs in on, but did not include Mr. Kennard's name would that be amenable. Selectman Bugbee suggests a joint meeting with Mr. Kennard, Conservation Commission, Ag Commission, Historical (sic) Commission and the Board to see what they can agree upon. He states that anything that deviates from the Warrant Article, he

feels uncomfortable with, so if Mr. Kennard can live with this than he is interested in meeting. The Warrant Article is what the voters wanted. Chairman Cedarholm points out again that he believes that a management plan is in the best interest of the Town. Selectwoman Dennis goes back to who is going to manage the plan and what is their capacity to do so. She is not convinced that the Town should be in the business of managing. She agrees with Selectman Bugbee, what was presented to the voters is something different than what is being presented here.

Chairman Cedarholm proposes a workshop between the Ag Commission, Conservation Commission, Mr. Kennard and the Select Board on the 25th of this month at 6:30pm. TA Glover adds the Heritage Commission to the list of invitees. Selectwoman Dennis wonders if this many groups might be too intimidating for Mr. Kennard and suggests maybe the Board should meet with Mr. Kennard alone at first. TA Glover suggests that the Ag Commission be included. Mr. Humm does not know how Mr. Kennard will react. He will prepare him.

5. Selectman Bugbee informs the Board that the Library Building Committee is uncomfortable with proposing a Library for \$1.7 million. They are comfortable with \$2.25 million which is the current reduced proposal. Previously the Board approved spending \$13k to Dennis Mires based on the particular plan amount of \$1.7 million. He wants to make the Board aware that this is how the Committee is progressing and the Committee is here to comment. They plan on having a public information session this Thursday to present the \$2.25 million plan. Selectman Bugbee is personally uncomfortable with that amount; this is not the charge they were given nor the stipulations they were given. TA Glover points out that the vote of the Board on this subject matter was that the release of \$13k from the Capital Reserve Fund was for Mr. Mires to redesign the Library contingent upon it being a \$1.7 million project.

Chairman Cedarholm is uncomfortable as well. He is worried about the program expansion especially all coming from one department. They need to be prepared for a 40-50% increase in programs. Selectman Bugbee points out that the plan states that the cost to build the building is indicated as being \$1.79 million. The difference is all the contingencies and management fees.

Selectwoman Dennis asks the group of committee members that are present if they steadfast on the \$2 million budget or are they still working on the \$1.7 with Dennis Mires.

Katrina Pellecchia states that back on 10/27/14 Selectwoman Dennis asked Ms. Pellecchia if they could not build a Library for \$1.7 million. Ms. Pellecchia said yes. Ms. Pellecchia states that when the motion was made to redesign the Library for \$13k, Selectman Bugbee asked if she thought that they could do it and she asked if it included donations. He said that if someone gave them \$300k then the project would be \$2 million. The tax payer cost would be \$1.7 million. Ms. Pellecchia states that the actual budget has been vague; would the budget be bigger if they got donations. Chairman Cedarholm states that it has never been vague. There has been a three-legged stool – 1/3 1/3 1/3. Ms. Pellecchia states that if he is referring to the \$850,000 that was back when it was a \$3.9 million project. Chairman Cedarholm states that the \$850,000 was not necessarily tied to a \$4 million project. At least not as far as the voters were concerned. She thinks that is how the numbers were arrived at. He believes that is still the goal and presents the question “so the \$500,000 (in savings) was contingent on a \$4 million building also?” There is silence. TA Glover clarifies that there was a discussion regarding donations

after the vote BUT the Board never changed its vote regarding the \$13k. Ms. Pellecchia changes the direction of the discussion to all the extras that need to be in the plan, but that can probably come out at this point. She lists off some items such as drinking fountains, baby changing tables etc. There is still room to fine tune. They are concerned with being able to meet the needs of the Town of Lee with a much smaller building. Milestone has taken out \$106,724.62 from the budget for the community room; however they have costed out doing the community room later as a future addition as the cost of \$3-400,000. She thinks that the voters should be able to decide at this point.

Selectman Bugbee states that this Board voted for \$1.7 million Library. He does believe the voters need to be able to decide while at the same time he understands that at the deliberative session someone could stand up and motion for a \$2.25 million Library. Selectman Bugbee has a problem with the Committee proceeding at \$2.25 when this Board specifically instructed the Committee on numerous times that the project is going to be \$1.7 million. At this point he does not know how to proceed. The Board authorized the \$13k for Dennis Mires on a \$1.7. If you are doing a project for more than that, Selectman Bugbee has a problem with that. Ms. Pellecchia states that \$1.7 is a goal. They are trying to be honest, it will be difficult. They can't cut any more square footage. The budget is \$2.25 on paper but it can be much lower according to Ms. Pellecchia. Selectwoman Dennis asks (again) if it is the intention of the Committee to make a presentation next week based on a \$2.25 million budget to the public. Ms. Pellecchia states that they are styling it as a progress report. Last January they were at \$3.6 million, over the summer they reduced it by 2000 square feet, then with the help of Milestone and Dennis they got it down to where they are now. They are going to share with the public that the Select Board wants them to be at \$1.7 million. Ms. Pellecchia asks the Select Board to compromise since they are compromising. Fund raising is difficult without having the Bond in place. Chairman Cedarholm states that their compromise is \$1.7 million. Selectwoman Dennis states that she does not think the Selectmen made it clear what percentage was going to be incumbent on the Library to raise out of that \$1.7, how much we have in the funds currently and how much is going to be bonded. Secondary to that there should be a discussion on fundraising that goes beyond the \$1.7. Per Selectman Bugbee as of June 30th, 2014 the amount of money in the Library Community Center (Trust) Fund was \$284,428.62. Subsequent to that \$100,000 was added minus whatever has been paid. In the Library Capital Reserve fund there is \$80,000. Selectman Bugbee reiterates that he believes that the \$1.7 million was the commitment from the Town and anything that the Foundation earns or receives as donations would increase that. TA Glover asks how do you design a building and start to build a building if you do not know how much money you have to spend. Selectman Bugbee states that he has heard that many people will not start donating until the Town commits. So someone has to step up. TA Glover understand this but even with knowing that the Town is going to put forth a bond for FY16 in March what building do you design between now and March? Ms. Pellecchia says that they have taken off the Community Room and landscaping.

Selectman Bugbee makes the following suggestion: The project is \$2.25 million. The Bond is \$1 million. There is \$464,000 and the difference has to be raised and until it is raised nothing goes forward. This way there is a commitment from the Town. There are many things and areas that can be cut or reduced in the budget according to Selectman Bugbee. Chairman Cedarholm states again that the three legged stool is what put this project on the map. He believes that whatever is raised in donations should equal what the Town puts in. The plan was to save

some, borrow some and raise some. For discussion purposes, Chairman Cedarholm states if we are looking at a \$1 million bond and the Town raises \$500,000 and it's a \$2.25 million project then \$750,000 would have to be raised from other sources or from cuts.

Paul Gasowski states that at the Library Committee Meeting the other night they did not get far with cutting because they believe they are at where they should be. The footprint is what it should be. Dennis Mires needs direction from them as to how to proceed. Putting the funding mechanism aside, can everyone agree that the foot print is what everyone wants?

Chairman Cedarholm will acknowledge comments from the public, but does not want to hear repeated comments.

Annie Gasowski states that they committee has been visiting new libraries around the State for the past 10 years and they don't want to make the same mistakes that all these libraries have made. They get into them and then they have space and storage problems. A building any smaller would not be right for this town.

Tom Dolan reminds the Select Board of the first objection for the building committee which was to supply plans that will meet the needs of the Town of Lee, be sustainable and energy efficient and fiscally responsible. Mr. Dolan starts to say with the lack of a formally stated \$1.7, but the Chairman stated that in July, the \$1.7 was voted on. He is extremely upset that the committee refused to acknowledge that the Board has given them a budget of \$1.7 million and asks Mr. Dolan to have a seat. Mr. Dolan states the committee will probably not be able to make \$1.7 million work.

Peg Dolan states that the committee has worked really hard. They want to be fiscally responsible. They do not want to build a library and waste \$1.7 million on a building that is too small.

TA Glover asks what size building we are currently talking about. The new building is 7480 (does not include a community room) and the current library is 3872 counting the cellar. Chairman Cedarholm adds that the site chosen is the most expensive site. Chairman Cedarholm wants to adjourn but TA Glover needs direction from the Board on how to proceed with regards to paying Dennis Mires. The TA cannot authorize the Finance Officer to pay Dennis Mires based on what she has heard tonight. She needs the Board to tell her what to do relative to the current payment to Mr. Mires and any future payment to Mr. Mires.

Selectman Bugbee brings the conversation back to his idea that he Town will bond \$1 million, \$464,000 is already raised minus \$13,000 to Mires (\$451,000) with \$800,000 to raise or cut costs. The total cost to be \$2.25 million.

Ms. Pellecchia states that the Town has to pay Mires. Chairman Cedarholm states that the conditions of hire may not have been spelled out to him. The Chairman points out that the Motion that was made by the Board and approved a few weeks ago was for \$13,000 for a \$1.7 million project.

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Erick Sawtelle states that he believes that Selectman Bugbee’s comments are right on target. The original deal was that it is a three-legged stool and he doesn’t want the town to find itself in the same position as our neighboring town did which was in the end they were \$25 million short so the town had to pay. Continuing discussion on how to craft the motion.

The final motion is:

Chairman Cedarholm moves to authorize Dennis Mires to work on the design for a \$2.25 million facility for a fee not to exceed \$13,000. In support of the fundraising for the project the Select Board will support a bond in the amount of \$1 million with the balance of \$371,000 paid from the Library Community Center Capital Reserve Fund and \$80,000 from the Library Building Maintenance Fund. Selectwoman Dennis, seconds. All in favor. **Motion Carries.**

- 6. Selectman Bugbee motions to adjourn at **9:00 pm**. Selectwoman Dennis, seconds. All in favor. **Motion Carries.**

Minutes transcribed by:

Denise Duval, Town Secretary

12/8/14

Date

Minutes accepted by The Lee Select Board:



David Cedarholm, Chairman



Carole Dennis



Scott Bugbee